GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3775
ANSWERED ON:22.03.2001
FOREIGN BANK LOANS TO POWER SECTOR
AJAY SINGH CHAUTALA

Will the Minister of POWER be pleased to state:

(a) whether foreign banks express their inability to finance mega power projects as reported in `Indian Express` dated February 21, 2001;

(b) if so, the details thereof and the reasons therefor; and

(c) the efforts/steps likely to be taken by the Government to improve the situation in this regard so that foreign banks are able to invest in power sector in India?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : In a meeting of some Investment bankers, a view was expressed that termination guarantees by the Government of India will improve the bank ability of mega projects, keeping in view the poor financial health of the State Electricity Boards.

(c) : The Government is considering a new payment security mechanism for large power purchase systems and support to the Power Trading Corporation for purchase of power from large power projects in the private sector. The details of the mechanism are being worked out in consultation with the concerned Ministries/Departments of the Government of India and financial institutions.